

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION  
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MEHRA TO  
NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES  
(NAPM/USPS-T7—1-11)  
(March 9, 2012)**

The United States Postal Service hereby provides the responses of witness Mehra (USPS-T-7) to the above-listed interrogatories of the National Association of Presort Mailers dated February 21, 2012. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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## **RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES**

**NAPM/USPS-T7—1** Please refer to page 3 of your testimony where you state, “[i]t calls for the adjustment of the workforce, facilities, vehicles and equipment that correspond to the reduction in the network infrastructure based upon decreased mail volumes. The commercial mail channel will accordingly be affected by all of these mail processing adjustments and consolidations.”

- a) Please confirm that as a part of the reduction of network facilities there will be a reduction of BMEUs and DMUs? If confirmed, please provide a detailed explanation of your plans for the changes or reductions to the BMEU entry network, including locations that will be impacted and where the new location will be, proposed service hours changes e.g. CATs and office hours of operations changes. If not confirmed, please explain fully.
- b) Please provide a detailed explanation of the procedures the Postal Service plans to use for consolidating or closing BMEUs/DMUS?
- c) Please provide a detailed explanation of your plans for how you will communicate the changes and perform the transition of customers to the new BMEU network?

### **RESPONSE**

- a) In the near term, the Postal Service does not expect a reduction in BMEUs and DMUs. Further, if any changes are made, mailers will be provided 120 days’ advance notice. The feasibility of BMEU and DMU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7—1(a).
- b) See the response to subpart (a).
- c) The Postal Service will provide communications through local and Headquarters outreach, as well as established Headquarters communications.

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**NAPM/USPS-T7—2** Please refer to page 3 of your testimony where you state, “[m]ail Entry & Payment Technology will play a key role in support of network rationalization. We have established standard operating procedures to ensure that care is taken to understand potential business mail entry customer impacts when a facility is being studied for closure . . . .”

- a) Please provide the “standard operating procedures” or indicate where they are presented in the testimony.
- b) Please provide a detailed explanation of the procedures that will be used to ensure that “...care is taken to understand potential business mail entry customer impacts when a facility is being studied for closure.”
- c) Please confirm that post implementation reviews have demonstrated the effectiveness of these procedures. If confirmed, please provide a detailed explanation of how have they been effective. If not confirmed, please explain fully.
- d) Please confirm if any analyses from past closures or consolidations on changes made to the entry channel have been conducted. If confirmed, please provide a detailed explanation of the results regarding the changes to the mailer/customer relative to areas (e.g. service, costs, and loss of business) impacted. If not confirmed, please explain fully.

### **RESPONSE**

- a) The Postal Service is currently revising the standard operating procedures identified in the above-quoted testimony. These revised procedures will continue to provide a standardized process to be followed by Business Mail Entry. Specifically, the revised procedures include the requirement to notify mailers 120 days prior to (1) relocating a BMEU to a new facility; (2) consolidating a BMEU or multiple BMEUs into another BMEU or hub; (3) changing hours of operation at a BMEU or DMU; or (4) adjusting Plant Load Agreements and Customer Supplier Agreements. The revised procedures also include the new mail entry review process for approving adjustments in BME operations.
- b) See the response to subpart (a).

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- c) The Postal Service created SOPs and Mailer Impact Assessments based on lessons learned from previous AMPs.
- d) The Postal Service seeks input from mailers regarding changes to the entry channel and learns from past closures and consolidations.

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**NAPM/USPS-T7—3** Please refer to page 3 of your testimony where you state, “[o]nce operational consolidations and other changes are implemented, it also is our responsibility to make sure that mailers are informed of any mail preparation and entry changes and pay the proper postage for the mail whenever and wherever it is entered.”

- a) Please confirm that you are also informing all mailers (including meter holders) of “mail preparation and entry changes” and changes to ensure that “proper postage” is paid, prior to the implementation of the network changes. If confirmed, can you provide us with your plans for communicating impacts and changes to the mailers. If not confirmed, please explain fully.

### **RESPONSE**

- a) Mailers will be updated on the ongoing changes through established communication methods. The Postal Service has held mailer webinars. In addition, District Managers will hold mailer meetings and invite all mailers in their district. BME staff will also engage with mailers to ensure all changes are understood by their mailers.

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**NAPM/USPS-T7—4** Please refer to page 4 of your testimony where you state, “[m]itigation Approaches, in response to these concerns, the Postal Service intends to move forward in a manner that incorporates the following approaches and actions. BMEUs located in facilities being studied for closure will be impacted. Where practicable, BMEUs will remain in the impacted facility. If this is not feasible, acceptance units will be located within relatively close geographical proximity to the impacted facility and mailers will be allowed to retain their SCF discounts for the foreseeable future for mail entered at the BMEUs.”

- a) Please confirm that mailer sites that have DMUs serviced by impacted BMEUs will keep their DMUs intact. If not confirmed, can you provide us with your plans for the impacted DMUs.
- b) Please confirm that SCF entry discounts will be available to mailers who enter mail at the new or consolidated BMEU. If confirmed, what ZIPs will be eligible for the discount; the ZIPs of the service area of the "gaining" facility or the ZIPs of the service area of the impacted facility. If not confirmed, what will be changes in requirements mailers must comply with to retain the SCF entry discounts?
- c) Please define "foreseeable future" in terms of months, years, or pricing cycles.

### RESPONSE

- a) DMUs will not be impacted in the near-term. We will continue to maintain DMU locations, transportation, staffing, plant load and customer-supplier agreements. Mailers will be given adequate time to prepare should any changes be required.
- b) Mailers will be encouraged to align their preparation and entry to the new network. However, mailers will continue to receive drop-ship entry discounts for mail entered at impacted facilities based on 3-digit ZIP Codes currently allowed.
- c) With respect to the quoted testimony, the term “foreseeable future” indicates that there will be no immediate changes in BMEU operations. Should the need arise to make changes, adequate notice will be provided to the mailers. The feasibility of BMEU and DMU operations at any given

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location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7—1(a).

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**NAPM/USPS-T7—5** Please refer to page 4 of your testimony where you state, “DMU/Plant Load Agreements will be determined based upon the new network and related impact on postal transportation and logistics. Communication with large volume mailers at Detached Mail Units will help to identify any changes required in mail preparation, separation or transportation.”

- a) Please confirm whether determining which Plant Load and DMU agreements will be renegotiated is part of the AMP study. If confirmed, please provide the planned list of Plant Load and DMU agreements that will be impacted. If no list is currently available please confirm when a listing of Plant Loads and/ or DMUs that will be impacted will be released. If not confirmed, please provide a detailed explanation of the process to determine which need to be renegotiated occur and when will it be completed, including the criteria used to determine if a Plant Load and DMU agreement needs to be renegotiated.
- b) Please provide the communication plans, change procedures, and timelines for renegotiating agreements with impacted Plant Loads and DMUs.

### **RESPONSE**

- a) DMUs will not be impacted in the near-term. We will continue to maintain DMU locations, transportation, staffing, plant load and customer-supplier agreements. Mailers will be given adequate time to prepare should any changes be required.
- b) See the response to subpart (a).



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**NAPM/USPS-T7—6.** Please refer to page 5 of your testimony where you state, “[c]ustomers will be given adequate time to prepare for any change required to their plant load agreements or customer supplier agreements due to a plant closure or operational relocation.”

- a) Please confirm that a national minimal time for complying with any changes will be at least 120 days. If not confirmed, please provide an explanation of how much time will be allowed for the mailer to comply with any changes.
- b) Please confirm if changes requiring software upgrades will be allowed adequate time to make changes and how much time will be allowed. If not confirmed please explain fully.

### **RESPONSE**

- a) Confirmed. The current policy is that the Postal Service will provide 120 days’ notice for any changes due to Network Rationalization.
- b) The Postal Service will continue to follow the Major/Minor Release Schedule. Labeling Lists will continue to be updated six times per year.

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**NAPM/USPS-T7—7** Please refer to page 5 of your testimony where you state, “[c]ommunication with business mailers will be maintained so that postal managers can have an up-to-date understanding of impacts of network rationalization and changes on mailing profiles, patterns, etc. This information will be used to make any necessary adjustments to the plan regarding local staffing levels and facility capacity for the remaining (gaining) entry facilities in order to maintain quality customer service.”

- a) Please confirm whether postal managers are communicating this information (up-to-date understanding of impacts) to the mailers. If confirmed, please explain fully how this communication process is occurring. If not confirmed, please provide us with you communication plans, change procedures, and timelines for transitioning impacted mailer sites and entry facilities.

### **RESPONSE**

- a) In the near term, the Postal Service does not expect a reduction in BMEUs and DMUs. The feasibility of BMEU and DMU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7-1(a).

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**NAPM/USPS-T7—8** Please refer to page 5 of your testimony where you state, “[p]resort First-Class Mail users will continue to have the option of entering intra-Sectional Center Facility mail after the day-zero Critical Entry Time for the 2-day delivery standard and retaining an overnight delivery expectation if such mail is properly prepared, accepted, verified and released for processing no later than 8:00 a.m. on the day before expected delivery for mail with less than a 5-digit sort. If such mail is presorted to 5-digit level or finer, such mail may be accepted, verified and released for processing no later than 12:00 p.m. on the day before expected delivery with an expectation of next-day delivery.”

- a) Please confirm that some First Class mail will receive an overnight service standard. If confirmed, please explain in detail the mail preparation requirements, the acceptance and entry location type (origin, destination, etc...), and the CATs (by product type) for mail that may receive an overnight delivery service. If not confirmed, then please explain fully.
- b) Please confirm that access to BMEU acceptance offices at co-located plants will be open for mail acceptance prior to the 0800 and 1200 CETs. If confirmed, please provide the operational hours and CATs by product for the acceptance offices. If not confirmed, please explain fully what the acceptance hours will be for co-located BMEUs.
- c) Please confirm that the USPS will continue to transport mail from local non-co-located mail acceptance points to USPS processing facilities. If confirmed, what will be the expected CAT times by product for mail transported by the USPS. If not confirmed, please explain fully.
- d) Please confirm if acceptance hours will be available for mailers that are willing to enter mail at their BMEU later into the night if they want to transport the mailing for entry (induction) at the Origin processing facility. If confirmed, what will be the expected CAT times by product for mail transported by the mailer. If not confirmed, please explain fully.

### **RESPONSE**

- a) Properly prepared and containerized intra-SCF Presort FCM volume will be subject to an overnight standard if it is entered at the plant by 08:00 a.m. for mixed Intra-SCF and by 12:00 p.m. for 5-Digit /scheme pallets
- b) The Postal Service will conduct Mailer Impact Assessments to determine necessary adjustments to operational hours, particularly for 0800 CET.
- c) Confirmed. Should any changes be necessary, mailers will be provided 120 days' notice.

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- d) The Postal Service will conduct Mailer Impact Assessments to determine necessary adjustments to operational hours.

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**NAPM/USPS-T7—9** Please refer to page 6 of your testimony where you state, “[c]ommercial customers will be able to maintain existing permit account numbers from their former sites at the new sites without having to close and open new permit accounts. Customers will be able to use the existing indicia and will not be required to make changes to their mail pieces to accommodate new permit account numbers or fill out additional paperwork.”

- a) Please confirm that there will not be any costs for the customer/mailler if their permits are impacted by the closure/consolidation of a mail acceptance office. If not confirmed, please explain fully.
- b) Please provide a detailed explanation of how the impacted permits will be managed and provide your plans, procedures, and communication processes for managing them.

### **RESPONSE**

- a) The Postal Service will not require mailers impacted by the closure or consolidation of a mail acceptance office to pay fees again at a new facility if the change was occasioned by Network Rationalization.
- b) Standard Operating Procedures will be used to provide field instructions for management of processes associated with movement of permits to other offices.

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**NAPM/USPS-T7—10** Please refer to page 6 of your testimony where you state, “[t]he Commercial Mail Channel’s strategic goal is to automate, integrate, and streamline the payment and acceptance processes to improve customer experience. Our vision has several key components.” Specifically relating to the following content describing the features, functions and business processes of the vision beginning at page 6 line 16 and ending on page 7 line 13;

- a) Please confirm what features, functions, or business processes discussed will be implemented to support the current network optimization plans to close or consolidate over 200 facilities by early 2013? If not confirmed, then please explain fully.
- b) Please confirm if any of the features/functions or business processes mentioned are being used to "mitigate" the impacts of the network optimization implementation. If confirmed, please explain how they are mitigation tactics and the risk/issue they resolve or mitigate. If not confirmed, please explain fully.
- c) Please confirm if you have plans to engage supply chain business partners on ways to enable/expand access. If confirmed, please explain how you are engaging the suppliers/mailers to enable expanded access. If not confirmed, please explain fully why you are not engaging mailers or suppliers.
- d) Please confirm that you will implement “[a]n automated verification and reconciliation process and streamline the mail entry process”, during the network optimization implementation. If confirmed, can you fully explain how this process is supporting or mitigating the implementation of the network changes. If not confirmed, please fully explain.

### **RESPONSE**

- a) Independent of Network Rationalization, the Postal Service is looking to move forward on several key initiatives such as Mail Anywhere, eInduction, and Seamless Acceptance in the near future.
- b) Mail Anywhere will assist in mitigating the impacts of the changes through the elimination of fee payments.
- c) We are actively working with vendors and the mailing industry to promote the use of Full Service and turnkey solutions that will facilitate expanded access and streamlined mail entry.
- d) Both the eInduction and seamless acceptance efforts scheduled for deployment in 2013 will promote simplified mail entry processes.

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**NAPM/USPS-T7—11** Please refer to page 7 of your testimony where you state, “[p]rocesses are in place to address customers’ concerns during the Network Optimization initiative and to ensure fulfillment of our fiduciary responsibilities. The changes I have outlined above for commercial mailers will reduce manual-intensive activities at local postal facilities, minimize the burden on mailers, increase ease of access, and automate mail submission tools for the small mailers. These changes, will give commercial mailers flexibility to adjust to mail preparation changes resulting from initiatives like Network Rationalization”

- a) Please confirm where the specific details are in the testimony regarding the process to [a]ddress the customer’s concerns during the Network Optimization initiative.” If not confirmed, please explain fully the specifics on the processes in place.
- b) Please confirm that the changes you are referring to are the changes mentioned under section “IV Future Improvements in your testimony. If confirmed, please explain how the changes provide mailers with the “flexibility to adjust to mail preparation changes resulting from initiatives like Network Rationalization.” If confirmed, please explain how the changes support your mitigation strategy and what risks or issues they mitigate. If not confirmed please explain fully.
- c) Please confirm if you have conducted any analysis that supports how these changes support the network optimization implementation. If confirmed, please provide the analysis and results.

### RESPONSE

- a) Mailers will be continually updated on the ongoing changes through established communication methods. The Postmaster General has held mailer webinars. District Managers are meeting with mailers to provide information on Network Rationalization. In addition, individual Mailer Impact Assessments will be conducted to better understand mailer behavior changes based on Network Rationalization changes. Further, the Postal Service is encouraging mailers to contact their local Business Mail Entry Units or their Consumer and Industry Contact to express any concerns and receive assistance.

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- b) The feasibility of mail preparation changes is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices.
- c) See response to subpart (b).